

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
TACOMA DIVISION

UNITED STATES OF AMERICA,)
Plaintiff,)
v.)
RICHARD R. RUDD JR., both individually and) as personal representative or beneficiary of the)
ESTATE OF RICHARD D. RUDD;)
SHERILYN GALLEGOS, both individually and) as personal representative or beneficiary of)
ESTATE OF RICHARD D. RUDD; ROCKY)
BLUE ACRES, LLC; BLUE SKYS)
ENTERPRISES, LLC; CASTLE RIDGE, LLC;)
JOHN E. MEEK; MARGARET G. MEEK; TIM)
S. FYRST; KAI E. FYRST; WEST COAST)
HOLDING GROUP, LLC; CARMEN ANJARI;) JULIE REEUNG; BLUE SKYS UNLIMITED,)
INC.; THURSTON COUNTY)
Defendants.)

))
Case No. 14-5434
**UNITED STATES OF AMERICA'S
COMPLAINT TO FORECLOSE
FEDERAL TAX LIENS AND SELL
REAL PROPERTY**

The United States of America complains and alleges as follows:

INTRODUCTION

1. This is a civil action brought by the United States of America to foreclose federal tax liens against several parcels of property (collectively the “Subject Properties” and more

1 specifically described below). The Subject Properties are held in the names of various entities,
2 but as alleged below, those entities held the Subject Properties as the nominees/alter-ego of
3 Richard D. Rudd who is now deceased. The United States seeks to foreclose its tax liens against
4 the Subject Properties, sell the Subject Properties, and collect the proceeds to which it is entitled.

5 **JURISDICTION AND VENUE**

6 2. This action is brought at the direction of the Attorney General of the United States
7 and at the request and with the authorization of the Chief Counsel of the Internal Revenue
8 Service (“IRS”), a delegate of the Secretary of the Treasury, pursuant to 26 U.S.C. §§ 7401 and
9 7403.

10 3. This Court has jurisdiction over this action pursuant to 26 U.S.C. § 7402 and 28
11 U.S.C. §§ 1340 and 1345.

12 4. Venue is proper in the Western District of Washington under 28 U.S.C. §§
13 1391(b)(2) because the Subject Property is located within this judicial district.

14 **DEFENDANTS**

15 5. Richard D. Rudd is deceased. Delores Rudd, his wife, predeceased him. Richard
16 D. Rudd is survived by his son, Richard Rudd., Jr., and his daughter, Sherilyn Gallegos. No
17 probate has been opened. The United States is unaware of any Will of Richard D. Rudd. Richard
18 Rudd Jr. and Sherilyn Gallegos are successors to the estate of Richard D. Rudd pursuant to RCW
19 11.04.015(2)(a).

20 6. Upon Richard D. Rudd’s death, his interests in real property vested immediately
21 in his heirs, Richard Rudd Jr., and Sherilyn Gallegos. RCW 11.04.250; *Roberstson v. GMAC*
22 *Morg. LLC*, 2013 WL 6017482, at *3 (Nov. 14, 2013 W.D. Wash.).

1 7. Richard R. Rudd, Jr. is named both individually and as representative of the
2 Estate of Richard D. Rudd. Richard R. Rudd Jr. is made a party to this action pursuant to 26
3 U.S.C. § 7403(b) because he may claim an interest in the Subject Property as an individual or as
4 representative of the estate of Richard D. Rudd.

5 8. Sherilyn Gallegos is named both individually and as representative of the Estate
6 of Richard D. Rudd. Sherilyn Gallegos is made a party to this action pursuant to 26 U.S.C. §
7 7403(b) because she may claim an interest in the Subject Property as an individual or as
8 representative of the estate of Sherilyn Gallegos.

9 9. Rocky Blue Acres, LLC, is named pursuant to 26 U.S.C. § 7403(b) because it
10 may claim an interest in the Subject Properties.

11 10. Blue Skys Enterprises, LLC, is named pursuant to 26 U.S.C. § 7403(b) because it
12 may claim an interest in the Subject Properties.

13 11. Castle Ridge, LLC, is named pursuant to 26 U.S.C. § 7403(b) because it may
14 claim an interest in the Subject Properties.

15 12. John R. Meek is named pursuant to 26 U.S.C. § 7403(b) because he may claim an
16 interest in the Subject Properties.

17 13. Margaret G. Meek is named pursuant to 26 U.S.C. § 7403(b) because she may
18 claim an interest in the Subject Properties.

19 14. Tim S. Fyrst is named pursuant to 26 U.S.C. § 7403(b) because he may claim an
20 interest in the Subject Properties.

21 15. Kai E. Fryst is named pursuant to 26 U.S.C. § 7403(b) because she may claim an
22 interest in the Subject Properties.
23

16. West Coast Holding Group, LLC, is named pursuant to 26 U.S.C. § 7403(b) because it may claim an interest in the Subject Properties.

17. Carmen Anjari is named pursuant to 26 U.S.C. § 7403(b) because she may claim an interest in the Subject Properties.

18. Julie Reeung is named pursuant to 26 U.S.C. § 7403(b) because she may claim an interest in the Subject Properties.

19. Blue Skys Unlimited, Inc., is named pursuant to 26 U.S.C. § 7403(b) because it may claim an interest in the Subject Properties.

20. Thurston County is named pursuant to 26 U.S.C. § 7403(b) because it may claim an interest in the Subject Properties.

THE SUBJECT PROPERTIES

Lot 1 of Large Lot (Blue Skys Enterprises, LLC)

21. What is called “Lot 1 of Large Lot” for purposes of this complaint is a parcel of property in Thurston County with a Tax Parcel Number 22614111101, a street address of 19849 146th Ave. ST, Yelm, WA 98597, an abbreviated legal description of “Lot 1 LLS-020993TC” and a legal description as follows:

Lot 1 of Large Lot Subdivision No. LLS-020993TC, as recorded December 19, 2005 under Auditor's File No. 3794417.

EXCEPT those portions conveyed to Thurston County by instruments recorded March 22, 2012 under Auditor's File No. 4257135 and April 12, 2012 under Auditor's File No. 4260355.

22. On August 15, 2000, a Statutory Warranty Deed was recorded in Thurston County (No. 3308204) in which John E. Meek and Margaret G. Meek transferred real property described as "Lots 11 and 12 of Bald Hills Acreage Lots, a survey, as recorded in Book 34 of Surveys,

1 Page 31 under Auditor's file No. 9404220175" to Blue Skys Enterprises, LLC. That parcel was
2 eventually subdivided and included Lot 1 of Large Lot.

3 23. On August 15, 2000, a Deed of Trust was filed in Thurston County (No. 3308205)
4 to secure payment on an obligation of the sum of \$119,000 with interest by Blue Skys
5 Enterprises, LLC to John E. Meek and Margaret G. Meek. Stephany Ray signed the Deed of
6 Trust as "Trustee" of Blue Skys Enterprises, LLC.

7 24. On May 17, 2002 an Agricultural Use Affidavit for the property described in
8 paragraph 21 was filed in Thurston County (No. 3434715). That Affidavit was signed by Richard
9 D. Rudd.

10 25. On December 19, 2005, A Declaration of Large Lot Subdivision, LLS-020993TC,
11 was filed in Thurston County (No. 3794416) by "Blue Sky Enterprises, Inc." ("Inc." being used
12 instead of LLC). That document was signed by Stephany Ray as "Managing Member" of Blue
13 Sky Enterprises, LLC. That subdivision created the separate parcel of property that is referenced
14 in this complaint as Lot 1 of Large Lot.

15 26. On March 13, 2006, A Partial Reconveyance was recorded in Thurston County
16 (No. 3814569) in which Lots 2, 3, 5 of Large Lot Subdivision No. LLS020993TC was
17 reconveyed to Blue Skys Enterprises, LLC, releasing the Deed of Trust to those properties.

18 27. On November 30, 2006, A Full Reconveyance was recorded in Thurston County
19 (No. 3884519) in which the Deed of trust was fully released.

20 **Lot 4 of Large Lot (Rocky Blue Acres, LLC)**

21 28. What is called "Lot 4 of Large Lot" for purposes of this complaint is a parcel of
22 property in Thurston County with a Tax Parcel Number 22614111204, a street address of 14819
23

1 Rocky Blue Acres Ln. St., Yelm, WA 98597, an abbreviated legal description of Lot 4 LLS-
2 08111903TC, and a legal description as follows:

3 Lot 4 of Large Lot Subdivision No. LLS-08111903TC, as recorded
4 December 1, 2010 under Auditor's File No. 4184596.

5 29. Lot 4 of Large Lot was included in the documents referenced in Paragraphs 22-
6 23, above.

7 30. On November 22, 2002, a Quit Claim Deed was filed in Thurston County (No.
8 3480427) in which Blue Skys Enterprises, LLC transferred title of Lot 4 of Large Lot to Rocky
9 Blue Acres, LLC for no consideration. That Deed was signed by Stephany Ray as "Trustee" of
10 Blue Skys Trust.

11 31. On December 1, 2010, A Declaration of Boundary Line Adjustment and
12 Covenants, BLA08333903TC, was filed in Thurston County (No. 4184595) by Rocky Blue
13 Acres, LLC. That document was signed by Cynthia Simmons as "Managing Member" of Rocky
14 Blue Acres, LLC. That subdivision created the separate parcel of property that is referenced in
15 this complaint as Lot 4 of Large Lot.

16 32. On August 30, 2011, a Full Reconveyance was recorded in Thurston County (No.
17 4226206) in which the Deed of trust was fully released for the obligation relating to Blue Skys
18 Enterprises, LLC.

19 33. On February 6, 2014, a Memorandum of/Notice of Interest was recorded in
20 Thurston County (No. 4379405) in which Tim S. Fyrst, Kai E. Fyrst, and West Coast Holding
21 Group, LLC claimed an interest in Lot 4 of Large Lot.

Lot 13 of Bald Hills (Castle Ridge, LLC)

34. What is called the “Lot 13 of Bald Hills” for purposes of this complaint is a parcel of property in Thurston County with a Tax Parcel Number 22614111300, a street address of 20405 146th Ave. St., Yelm, WA 98597, an abbreviated legal description of “Lot 13 Bald Hills Acreage Lots,” and a legal description as follows:

Lot 13 of Bald Hills Acreage Lots, as recorded April 22, 1994 under Auditor's File No. 9404220175. EXCEPT that portion conveyed to Thurston County by instrument recorded February 27, 2013 under Auditor's File No. 4320612.

35. On May 28, 2002, a Statutory Warranty Deed was recorded in Thurston County (No. 3437360) in which John E. Meek and Margaret G. Meek transferred title to Lot 13 of Bald Hills to Blue Skys Unlimited, Inc. That Statutory Warranty Deed noted that it corrected a legal description of an apparently lost Warranty Deed recorded February 1, 2001 in which John E. Meek and Margaret G. Meek transferred title to Blue Sky's Unlimited.

36. On May 28, 2002, a Deed of Trust was filed in Thurston County (No. 3437361) to secure payment on an obligation of the sum of \$119,000 with interest by Blue Skys Unlimited, Inc. to John E. Meek and Margaret G. Meek. Delores Rudd signed the Deed of Trust as "Executive Director" of Blue Skys Unlimited, Inc.

37. On November 22, 2002, a Quit Claim Deed was filed in Thurston County (No. 3480425) in which Blue Skys Unlimited, Inc. transferred title of Lot 13 of Bald Hills to Castle Ridge, LLC for no consideration. That Deed was signed by Joe O. Whiting as "President" of Blue Skys Unlimited, Inc.

BACKGROUND OF LIABILITIES GIVING RISE TO FEDERAL TAX LIENS

38. On the dates set forth below, a duly authorized delegate of the Secretary of the Treasury made assessments against Richard D. Rudd as follows:

<u>Tax Type</u>	<u>Tax Period</u>	<u>Assessment Date</u>	<u>Assessment Amount</u>	<u>Total Balance as of May 31, 2014</u> (including credit for any payments and accrued, but unassessed, interest and collection fees)
1040	12/31/1999	6/14/2004 6/14/2004 6/14/2004 6/14/2004 3/14/2005 11/16/2009	\$33,213.00 (t) \$5,175.60 (acc) \$6,358.50 (lfp) \$10,964.56 (i) \$38.00 (f) \$6,358.50 (ftp)	\$85,684.90
1040	12/31/2000	6/7/2004 6/7/2004 6/7/2004 11/15/2004 11/16/2009 2/10/2014	\$58,904.00 (t) \$11,780.80 (acc) \$13,471.40 (i) \$38.00 (f) \$14,726.00 (ftp) \$256.00 (f)	\$147,625.45
1040	12/31/2001	6/7/2004 6/7/2004 6/7/2004 11/16/2009	\$52,322.00 (t) \$10,464.40 (acc) \$7,030.10 (i) \$13,080.50 (ftp)	\$129,273.98
6702 (Penalty for Filing Frivolous Income Tax Return)	12/31/2008	5/30/2011 1/9/2012 12/9/2013	\$5,000.00 \$124.00 (f) \$419.59 (i)	\$5,622.97
TOTAL:				\$368,207.30

Key: t = tax

acc = accuracy penalty

lfp = late filing penalty

ftp = failure to pay penalty

i = assessed interest

f = fees and collection costs

39. Richard D. Rudd failed to pay in full the above tax liabilities despite notice and demand for payment. Pursuant to 26 U.S.C. § 6321, statutory liens arose against all property and rights to property owned by Richard D. Rudd, including the Subject Properties, at the time of the tax assessments.

1 40. Despite timely notice and demand for payment of the assessments described
 2 above, Richard Rudd neglected or refused to make full payment to the United States, and there
 3 remains due and owing on those assessments, together with accrued but unassessed statutory
 4 interest and other additions, the amount of \$368,207.30 as of May 31, 2014, plus statutory
 5 interest and accruals after that date.

6 **Richard D. Rudd's and Delores Rudd's Acquisition and Control of Four Forty Acre
 7 Parcels in Thurston County that Included the Subject Properties**

8 41. Richard D. Rudd and Delores Rudd acquired four forty acre parcels of property in
 9 Thurston County on or about 2000-2001. Among those parcels were the Subject Properties at
 10 issue in this case. Richard D. Rudd and Delores Rudd originally titled these properties in the
 11 name of Blue Skys Enterprises, LLC, and Blue Skys Unlimited, Inc.

12 42. Based on information and belief, Richard D. Rudd and Delores Rudd provided the
 13 consideration to purchase the parcels and were the actual and equitable title owners of the
 14 Subject Properties.

15 43. Blue Skys Enterprises, LLC was formed as a Nevada Limited Liability Company
 16 on or about August 7, 2000, three days before the date on which John E. Meek and Margret G.
 17 Meek signed the Statutory Warranty Deed referenced in paragraph 22, above.

18 44. Blue Skys Enterprises, LLC was administratively dissolved and then reinstated on
 19 three separate occasions: January 13, 2006, September 17, 2008, and April 22, 2011. Blue Skys
 20 Enterprises, LLC's business license expired on August 31, 2011. The status of Blue Skys
 21 Enterprises with the Nevada Secretary of State is currently "revoked."

1 45. Blue Skys Unlimited, Inc. was incorporated in the State of Washington on
 2 January 10, 2000. Its initial President and Treasurer was Delores Rudd. Richard D. Rudd was
 3 also listed as the Treasurer on the 2001 annual report.

4 46. On April 22, 2002, Blue Skys Unlimited, Inc. was dissolved by the Washington
 5 Secretary of State because it failed to file its annual list of officers/license renewal within the
 6 time set forth by law.

7 47. Richard D. Rudd and Delores Rudd used various friends, associates, and entities
 8 under their control to sign documents, checks, and other materials at their direction to facilitate
 9 property transactions and to pay expenses of the four forty acre parcels.

10 48. Richard D. Rudd and Delores Rudd eventually titled all four properties under the
 11 name of a different entity: Castle Ridge, LLC (transaction noted in paragraph 37, above), Blue
 12 Skys Enterprises, LLC, Rocky Blue Acres, LLC (transaction noted in paragraph 30, above); Blue
 13 Skys Enterprises, LLC, and one other entity for the one parcel of property that is not at issue in
 14 this case. Richard D. Rudd and Delores Rudd continued to exercise full dominion, control, and
 15 ownership of the parcels after the transfers.

16 49. The transfers of title referenced in paragraph 48 were without any consideration.

17 50. Based on information and belief, Richard D. Rudd and Delores Rudd provided the
 18 payments for the amount owing on the Deed of Trust referenced in paragraphs 23 and 36, above.
 19 Richard D. Rudd and Delores Rudd used checks in the names of others, including Cynthia
 20 Simmons, to pay amounts owing on the Deed of Trust and for property taxes on all four forty
 21 acre lots.

22 51. Richard D. Rudd and Delores Rudd used a real estate agent to assist in the
 23 subdivision of the forty acre parcels and in attempts to sell the subdivided parcels to individuals.

1 52. Richard D. Rudd and Delores Rudd had their real estate agent listed as the signer
2 of the bank account under the name of Castle Ridge, LLC. Richard D. Rudd and Delores Rudd's
3 real estate agent used the account at the direction and control of Richard D. Rudd and Delores
4 Rudd.

5 53. Richard D. Rudd and Delores Rudd signed various building permits and other
6 documents associated with the forty acre parcels.

7 54. Richard D. Rudd and Delores Rudd paid expenses for the forty acre parcels from
8 their own personal bank accounts.

9 55. Additionally, Richard D. Rudd and Delores Rudd opened and controlled bank
10 accounts in the names of various nominee entities and used those bank accounts to pay expenses
11 and deposit sums obtained from the use of the forty acre parcels. For example, a bank account
12 controlled by Richard D. Rudd and Delores Rudd but in the name of "Checkout Dynamics, Inc."
13 was used by Richard D. Rudd and Delores Rudd to pay the Deeds of Trust owed to the Meeks,
14 referenced in paragraphs 23 and 26.

15 56. Although the four forty acre parcels were titled in the names of various nominees,
16 Richard D. Rudd and Delores Rudd continued to maintain control over those properties and
17 exercised dominion and control over the Subject Properties at issue in this case.

18 **First Claim for Relief (Find that Lot 1 of Big Lot is currently held by Blue Skys
19 Enterprises, LLC as the nominee and/or alter ego of Richard D. Rudd and his successors in
interest and that the federal tax liens attached to that interest)**

20 57. The United States incorporates by reference the allegations contained in
21 paragraphs 1 through 56, above, as if fully set forth here.

22 58. Richard D. Rudd resided on Lot 1 of Big Lot and, based upon information and
23 belief, did not pay any fair rental value for his use of the property.

1 59. Based upon information and belief and the foregoing, Richard D. Rudd and
2 Delores Rudd exerted complete control over Blue Skys Enterprises, LLC.

3 60. Based upon information and belief, Blue Skys Enterprises, LLC was the nominee
4 and/or alter-ego of Richard D. Rudd and Delores Rudd.

5 61. Based upon information and belief, Richard D. Rudd and Delores Rudd
6 maintained a beneficial interest in and exerted control over Lot 1 of Big Lot, and Blue Skys
7 Enterprises, LLC holds title to the property as the nominee of Richard D. Rudd.

8 62. Because Richard D. Rudd and Delores Rudd were the true owners of Lot 1 of Big
9 Lot, the United States' tax liens attached to Lot 1 of Big Lot as of the date of assessment.

10 **Second Claim for Relief (Find that Lot 4 of Large Lot is currently held by Rocky Blue
11 Acres, LLC as the nominee and/or alter ego of Richard D. Rudd and his successors in
interest and that the federal tax liens attached to that interest)**

12 63. The United States incorporates by reference the allegations contained in
13 paragraphs 1 through 62, above, as if fully set forth here.

14 64. Rocky Blue Acres, LLC was formed as a Washington Limited Liability Company
15 on June 28, 2002. Cynthia Simmons signed its filed Certificate of Formation as "Trustee."

16 65. On September 22, 2003, Rocky Blue Acres, LLC was administratively dissolved
17 for failure to file its annual list of officers/license renewal.

18 66. On or about April 13, 2007, Rocky Blue Acres, LLC was formed as a new
19 Washington Limited Liability Company under a new UBI Number. Cynthia Simmons signed its
20 filed Certificate of Formation as "Managing Member."

21 67. On August 1, 2008, Rocky Blue Acres, LLC was administratively dissolved for
22 failure to file its annual list of officers/license renewal.

1 68. On February 11, 2011, Rocky Blue Acres, LLC was formed as another new
2 Washington Limited Liability Company under another new UBI Number. Cynthia Simmons
3 signed its filed Certificate of Formation as managing member.

4 69. The third version of Rocky Blue Acres, LLC has listed its business as "land
5 ownership" and its only listed officer is Cynthia Simmons with an address of 19811 146th Ave.,
6 Yelm, Washington.

7 70. Based upon information and belief and the foregoing, Richard D. Rudd and
8 Delores Rudd exerted complete control over Rocky Blue Acres, LLC.

9 71. Based upon information and belief, Rocky Blue Acres, LLC was the nominee
10 and/or alter-ego of Richard D. Rudd and Delores Rudd.

11 72. Based upon information and belief, Richard D. Rudd and Delores Dudd
12 maintained a beneficial interest in and exerted control over Lot 4 of Large Lot, and Rocky Blue
13 Acres, LLC holds title to the property as the nominee of Richard D. Rudd.

14 73. Because Richard D. Rudd and Delores Rudd were the true owners of Lot 4 of
15 Large Lot, the United States' tax liens attached to Lot 4 of Large Lot as of the date of
16 assessment.

17 **Third Claim for Relief (Find that Lot 13 of Bald Hills is currently held by Castle Ridge,
18 LLC as the nominee and/or alter ego of Richard D. Rudd and his successors in interest and
that the federal tax liens attached to that interest)**

19 74. The United States incorporates by reference the allegations contained in
20 paragraphs 1 through 73, above, as if fully set forth here.

21 75. Castle Ridge, LLC was formed as a Washington Limited Liability Company on
22 November 13, 2002. Joe O. Whitting was named as its registered agent with an address of 21241
23 Hobson Rd. SE, Yelm Washington.

1 76. On February 23, 2004, Castle Ridge, LLC was administratively dissolved for
2 failure to file its annual list of officers/license renewal.

3 77. On or about April 13, 2007, Castle Ridge, LLC was formed as a new Washington
4 Limited Liability Company under a new UBI Number. Joe O. Whitting signed its filed
5 Certificate of Formation as "Managing Member."

6 78. On August 1, 2008, the second version of Castle Ridge, LLC was administratively
7 dissolved for failure to file its annual list of officers/license renewal.

8 79. On February 11, 2011, Castle Ridge, LLC was formed as another new
9 Washington Limited Liability Company under another new UBI Number. Frances Cynthia
10 Easley signed its filed Certificate of Formation as "Managing Member."

11 80. The third version of Castle Ridge, LLC has listed its business as "land ownership"
12 and its only listed officer is Frances Cynthia Easley with an address of 17113 Briar St SE, Yelm,
13 Washington.

14 81. On June 3, 2013, the third version of Castle Ridge, LLC was administratively
15 dissolved for failure to file its annual list of officers/license renewal.

16 82. Based on information and belief, Frances Cynthia Easley would sign documents
17 on behalf and at the direction of Richard D. Rudd and Delores Rudd.

18 83. Based upon information and belief and the foregoing, Richard D. Rudd and
19 Delores Rudd exerted complete control over Castle Ridge, LLC.

20 84. Based upon information and belief, Castle Ridge, LLC was the nominee and/or
21 alter-ego of Richard D. Rudd and Delores Rudd.

1 85. Based upon information and belief, Richard D. Rudd and Delores Rudd
 2 maintained a beneficial interest in and exerted control over Lot 13 of Bald Hills, and Castle
 3 Ridge, LLC holds title to the property as the nominee of Richard D. Rudd.

4 86. Because Richard D. Rudd and Delores Rudd were the true owners of Lot 13 of
 5 Bald Hills, the United States' tax liens attached to Lot 13 of Bald Hills as of the date of
 6 assessment.

7 **Fourth Claim for Relief: Foreclose Federal Tax Liens Against the Subject Properties that
 8 Are Currently Titled in the Names of Nominees and/or Alter Egos of Richard D. Rudd and
 9 Sell Those Properties to Satisfy, in Part or in Full, the Tax Liens at Issue**

10 87. The United States incorporates by reference the allegations contained in
 11 paragraphs 1 through 86, above, as if fully set forth here.

12 88. Pursuant to 26 U.S.C. § 6321 and § 6322, liens arose in favor of the United States
 13 on the dates of the assessments set forth in paragraph 38, above, and attached to all property and
 14 rights to property of Richard D. Rudd, including the Subject Properties.

15 89. In order to provide notice to third parties entitled to notice of the statutory liens
 16 under 26 U.S.C. § 6323, on October 28, 2004, the IRS recorded a Notice of Federal Tax Lien
 17 ("NFTL") with the County Auditor of Thurston County (No. 3684113). The NFTL named
 18 Richard D. Rudd and listed the tax years 2000 and 2001. That NFTL was refiled on February 10,
 19 2014, with the County Auditor of Thurston County (No. 4379726).

20 90. In order to provide notice to third parties entitled to notice of the statutory liens
 21 under 26 U.S.C. § 6323, on March 3, 2005, the IRS recorded a NFTL with the County Auditor of
 22 Thurston County (No. 3713231). The NFTL named Richard D. Rudd and listed the tax year
 23 1999. That NFTL was refiled on February 10, 2014, with the County Auditor of Thurston
 County (No. 4379727).

1 91. In order to provide notice to third parties entitled to notice of the statutory liens
 2 under 26 U.S.C. § 6323, on December 20, 2011, the IRS recorded a NFLT with the County
 3 Auditor of Thurston County (No. 4242955). The NFLT named Richard D. Rudd and listed the
 4 6702 penalty for the 2008 tax year.

5 92. In order to provide notice to third parties entitled to notice of the statutory liens
 6 under 26 U.S.C. § 6323, on January 8, 2014, the IRS recorded a NFLT with the County Auditor
 7 of Thurston County (No. 4375725). The NFLT named Blue Skys Unlimited, Inc. as Nominee or
 8 Alter Ego of Richard D. Rudd and listed the 1999-2001 tax years and the penalty from the 2008
 9 tax year. The NFLT contained a legal description of Lot 13 of Bald Hills.

10 93. In order to provide notice to third parties entitled to notice of the statutory liens
 11 under 26 U.S.C. § 6323, on January 8, 2014, the IRS recorded a NFLT with the County Auditor
 12 of Thurston County (No. 4375726). The NFLT named Castle Ridge, LLC as Nominee or Alter
 13 Ego of Richard D. Rudd and listed the 1999-2001 tax years and the penalty from the 2008 tax
 14 year. The NFLT contained a legal description of Lot 13 of Bald Hills.

15 94. In order to provide notice to third parties entitled to notice of the statutory liens
 16 under 26 U.S.C. § 6323, on January 8, 2014, the IRS recorded a NFLT with the County Auditor
 17 of Thurston County (No. 4375727). The NFLT named Blue Skys Enterprises, LLC as Nominee
 18 or Alter Ego of Richard D. Rudd and listed the 1999-2001 tax years and the penalty from the
 19 2008 tax year. The NFLT contained a legal description of Lot 1 of Large Lot.

20 95. In order to provide notice to third parties entitled to notice of the statutory liens
 21 under 26 U.S.C. § 6323, on January 8, 2014, the IRS recorded a NFLT with the County Auditor
 22 of Thurston County (No. 4375728). The NFLT named Rocky Blue Acres, LLC as Nominee or
 23

1 Alter Ego of Richard D. Rudd and listed the 1999-2001 tax years and the penalty from the 2008
2 tax year. The NFL contained a legal description of Lot 4 of Large Lot.

3 96. The Subject Properties are encumbered with liens for the unpaid tax assessments
4 described in paragraph 38.

5 97. Under 28 U.S.C. § 7403(c), the United States of America is entitle to a decree of
6 sale of the Subject Properties to enforce its tax liens.

7 98. The Subject Properties should be sold and the proceeds should be disbursed in the
8 order of priority as determined by the Court.

9 WHEREFORE, the United States of America prays for the following relief:

- 10 A. That this Court determine, adjudge, and decree that Blue Skys Enterprises, LLC,
11 holds title to Lot 1 of Large Lot as the nominee and/or alter ego of Richard D. Rudd
12 and his successors in interest;
- 13 B. That this Court determine, adjudge, and decree that Rocky Blue Acres, LLC, holds
14 title to Lot 4 of Large Lot as the nominee and/or alter ego of Richard D. Rudd and his
15 successors in interest;
- 16 C. That this Court determine, adjudge, and decree that Castle Ridge, LLC, holds title to
17 Lot 13 of Bald Hills as the nominee and/or alter ego of Richard D. Rudd and his
18 successors in interest;
- 19 D. That this Court determine, adjudge, and decree that the tax liens of the United States
20 for the assessments described in paragraph 38, above, attached to the Subject
21 Properties and that the United States has valid and subsisting liens against the Subject
22 Properties;

- 1 E. That this Court determine the merits and priority of any claim or interest in the
2 Subject Properties asserted by the named Defendants;
- 3 F. That this Court order that the federal tax liens of the United States be foreclosed upon
4 the Subject Properties; that the properties be ordered sold by a court appointed IRS
5 Property and Appraisal Liquidation Specialist at a judicial sale; that the proceeds
6 thereof be first applied to the costs of such sale and any outstanding real property
7 county taxes at the time of such sale and then that the balance of such proceeds of
8 sale be distributed to the United States to partially satisfy the federal tax liens at issue;
9 and
- 10 G. That the United States be awarded its costs and such other relief as is just and proper.

1 DATED this 30th day of May, 2014.

2 Respectfully submitted,

3 KATHRYN KENEALLY
4 Assistant Attorney General

5 *s/ Quinn P. Harrington*
6 QUINN P. HARRINGTON
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